

Technical Supplement
to the 2026 Budget

Mid-Session Review

Office of Management and Budget

Technical Supplement
to the 2026 Budget

Mid-Session Review

Office of Management and Budget



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

September 5, 2025

The Honorable Mike Johnson
Speaker of the House
of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Section 1106 of Title 31, United States Code, requires the President to send the Congress a supplemental update of the Budget that was transmitted to the Congress earlier in the year. The supplemental update of the Budget, commonly known as the Mid-Session Review, is enclosed.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Vought", with a stylized flourish at the end.

Russell T. Vought
Director

Enclosure

TABLE OF CONTENTS

	PAGE
Transmittal Letter	i
Mid-Session Review	1
Table 1. Savings in Receipts and Outlays	2
Table 2. Economic Assumptions	5
Table 3. Outlays for Mandatory Programs Under Current Law	6
Table 4. Estimated Spending from 2026 Balances of Budget Authority: Discretionary Spending	7

GENERAL NOTES

1. All years referenced for budget data are fiscal years unless otherwise noted. All years referenced for economic data are calendar years unless otherwise noted.
2. Mandatory spending and receipts proposals in this document are limited to those proposals that support the President's 2026 discretionary request.
3. Detail in the document may not add to the totals due to rounding.

THE PRESIDENT'S BUDGET IS AVAILABLE ONLINE

<https://www.whitehouse.gov/omb/information-resources/budget/>

MID-SESSION REVIEW, FISCAL YEAR 2026

Deficits Cut in Half After Only Six Months of President Trump's Policies

Before President Trump took office, the U.S. was barreling towards fiscal catastrophe due to chronic overspending. Table 1 shows the deficit trajectory. At the end of the previous Administration, the current policy deficit¹ was projected to grow an average of 6 percent each year from \$2.1 trillion in 2025 to \$3.8 trillion in 2035, which is double the rate of inflation projected at the time for this period.

Since President Trump returned to office, the Administration enacted a once-in-a-generation piece of legislation, Public Law 119-21 or the One Big Beautiful Bill Act (OBBB), negotiated tough trade deals, unleashed American energy, eliminated burdensome regulations, and slashed wasteful government spending. These actions both save money and stimulate economic growth, resulting in a \$287 billion reduction in the deficit in 2025 (from \$2.1 trillion to \$1.8 trillion) and a \$2.8 trillion reduction in the deficit in 2035 (from \$3.8 trillion to \$944 billion). The deficit in 2035 would be below \$1 trillion for the first time since 2019, during President Trump's first term.

Over the ten-year window of 2026 through 2035, the Fiscal Year 2026 Mid-Session Review (MSR) projects deficits to decline from \$31.5 trillion to \$15.7 trillion—a reduction of \$15.8 trillion, or by 50 percent.

The One Big Beautiful Bill Bends the Cost Curve with \$1.9 Trillion in Savings

The largest, and most impactful, improvement in the spending trajectory was the enactment of the OBBB, which ushered in over \$1.9 trillion² in mandatory spending reforms. The OBBB achieved substantially more mandatory savings than the Deficit Reduction Act of 2005 (\$140 billion), the Balanced Budget Act of 1997 (\$800 billion), the Omnibus Budget Reconciliation Act of 1993 (\$370

billion), and the Omnibus Budget Reconciliation Act of 1990 (\$440 billion) on an inflation adjusted basis. In fact, the spending cuts in OBBB are larger than that of the next two largest reconciliation bills combined.

The OBBB puts the Medicaid program on a more sustainable path, with over \$1 trillion in savings over ten years, reducing the program's growth rate from 6.3 percent to 4.7 percent. The legislation strengthens guardrails around enrollment and eligibility requirements to address improper payments and ensure the program is only available to those who qualify, while preserving Medicaid for disabled people, children, pregnant women, and working, able-bodied adults. OBBB also increases the efficiency of the Medicaid program by ensuring the Federal government and States are appropriately sharing costs. The legislation specifically targets states' abuse of provider taxes and state-directed payments—mechanisms that allow states to inflate federal matching dollars without commensurate increases in state contributions.

The OBBB reins in excessive student loan borrowing and forgiveness, resulting in over \$400 billion in savings; and returns accountability to the Supplemental Nutrition Assistance Program through stronger work requirements and a cost-share for States that have excessive payment errors, resulting in over \$246 billion in savings.

The One Big Beautiful Bill Keeps the President's Promises

The OBBB delivers on many of President Trump's campaign promises such as "No Tax on Tips", "No Tax on Social Security", "No Tax on Overtime", and "No Tax on Car Loans". To offset the cost of these tax cuts, the OBBB includes \$488 billion in savings by ending the Green New Deal. The OBBB also ends special interest tax breaks and loopholes such as closing the loophole that U.S. multinationals have exploited in an attempt to avoid nearly all tax on the profits of their for-

¹ That is, the deficit forecast including the permanent extension of the 2017 Tax Cut and Jobs Act (TCJA).

² CBO's July 21, 2025 estimate of the OBBB included approximate \$1.5 trillion in savings. The most notable differences in the Administration's estimate and CBO's estimate are: 1) CBO estimates savings over the 2025 to 2034 period, while the 2026 MSR estimates savings for 2026 through 2035; 2) the 2026 MSR utilizes the Administration's economic assumptions at the time of OBBB enactment; and 3) the 2026 MSR applies different programmatic and technical assumptions based on the Administration's understanding of how the programs will be affected.

Table 1. Savings in Receipts and Outlays¹

In Billions of Dollars

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Totals	
												2026– 2030	2026– 2035
Deficit before Administration actions and proposals ²	2,112	2,572	2,488	2,702	2,813	3,067	3,214	3,417	3,704	3,727	3,754	13,642	31,457
Budgetary effect of the One Big Beautiful Bill (OB BB); Public Law 119-21):													
Receipts	24	127	77	77	60	6	-14	-19	-9	6	21	347	332
Outlays:													
Investment in defense and border	5	181	97	30	24	12	1	*	*	*		344	346
Savings and other provisions	-137	-45	-87	-151	-169	-209	-219	-270	-255	-269	-265	-661	-1,939
Total, outlays	-133	137	10	-122	-145	-197	-219	-270	-255	-269	-265	-316	-1,593
Total, budgetary effect of OB BB	-108	263	87	-44	-85	-191	-232	-289	-263	-263	-244	31	-1,261
Economic effect of OB BB and Administration policies	16	-6	-146	-271	-393	-512	-619	-728	-850	-979	-1,108	-1,328	-5,612
Effects of tariffs	-135	-323	-333	-347	-363	-383	-399	-416	-433	-452	-472	-1,749	-3,920
Other Administration policies:													
Discretionary appropriations:													
Defense programs ³		-6	28	57	64	65	51	30	4	-23	-52	208	217
Non-defense programs		-105	-248	-341	-407	-459	-503	-538	-574	-608	-643	-1,559	-4,425
Subtotal, discretionary appropriations		-111	-219	-284	-342	-394	-452	-509	-570	-632	-695	-1,351	-4,207
Mandatory programs:													
Mandatory policies that support the discretionary request for FY 2026		5	5	1	*	2	2	1	*	-1	-1	13	14
Total, Administration policies		-106	-214	-284	-342	-392	-450	-507	-570	-633	-696	-1,338	-4,193
Technical reestimates:													
Receipts	-4	-237	18	16	-14	-24	-12	2	20	29	16	-241	-186
Discretionary and mandatory programs ...	-54	48	93	111	97	124	113	116	140	154	143	473	1,139
Total, technical reestimates	-58	-188	110	127	84	100	101	118	160	183	158	232	953
Debt service and other interest effects	-2	8	-20	-42	-75	-117	-168	-229	-297	-373	-449	-245	-1,761
Total savings in receipts and outlays	-287	-352	-515	-861	-1,174	-1,494	-1,767	-2,051	-2,253	-2,517	-2,810	-4,396	-15,794
Resulting deficit	1,825	2,220	1,973	1,841	1,639	1,572	1,447	1,366	1,451	1,210	944	9,246	15,664
Memorandum, tariffs:													
Total tariff collections	220	400	410	428	448	472	492	513	534	557	582	2,158	4,836

*\$500 million or less.

¹ Negative amounts are deficit reducing.² Assumes an extension of the Tax Cuts and Jobs Act.³ The President's 2026 Budget requests \$1.0 trillion for defense programs. Part of that request was enacted in OB BB. The total estimated change in defense outlays due to the Administration's policies is \$109 billion in 2026 and \$365 billion over 2026-2035.

eign subsidiaries, and it stopped U.S. corporations from getting a reduced income tax rate on selling their valuable intellectual property and business assets to foreign buyers. On net, these revenue policies increase the deficit by \$332 billion over the ten-year budget period.

The OBBB also makes critical investments in U.S. border and national security. Funding for the Departments of Defense and Homeland Security, as well as the National Nuclear Security Administration in the Department of Energy, are projected to add \$346 billion in outlays over 2026-2035. As part of the border security money, OBBB has over \$45 billion to complete border wall construction and another \$45 billion to fund ICE operations at detention centers.

Tariffs and Reciprocal Trade Boost Revenues

Persistent, world-record trade imbalances and lack of reciprocity in our bilateral trade relationships have caused an unusual and extraordinary threat to the national security and economy of the United States. Foreign countries have implemented beggar-thy-neighbor trade and industrial overproduction policies, excessively relying upon U.S. consumers for their growth and employment. As a result of these unbalanced trade relations, hundreds of thousands of American manufacturing jobs have been lost, our manufacturing base has been weakened, GDP growth has suffered, and fiscal deficits have increased.

To address this pressing national emergency, the Administration has taken decisive action and implemented the Fair and Reciprocal Trade Plan by imposing reciprocal tariffs. This strategy is already yielding results. From the start of fiscal year 2025 through July, the U.S. has collected \$136 billion in customs duties, a 116 percent increase over the same time last year. Looking forward, the Administration estimates an additional \$3.9 trillion in deficit-reducing tariff revenue over the 10-year window. This level is in addition to the \$0.9 trillion in tariffs that are projected to be collected over the 10-year window as part of baseline import activities, bringing total tariff revenues in the MSR to nearly \$5 trillion. Table 1 breaks out the additional Fair and Reciprocal Trade Plan ten-year tariff revenue.

Just as past Section 301 tariffs on Chinese imports lowered our bilateral trade deficit with China and increased production in protected industries, the Fair and Reciprocal Trade Plan is

expected to improve our trade balance and revitalize the American industrial base.

Unleashing American Energy Allows Americans to Thrive

The Administration has made unleashing American energy one of its priorities in a broader agenda aimed at strengthening the economy and bringing down the cost of living. While the United States has vast energy resources, current energy production is far below potential and is insufficient to meet current or future needs. This is reflected in the weak growth of electricity production over the past 20 years and the dramatic 40 percent rise in electricity costs since 2020 that has burdened households and businesses. Additionally, the rise of intermittent generation sources such as wind and aging transmission infrastructure has also increased strain on our energy systems. Looking forward, growing American manufacturing and maintaining the United States' lead in artificial intelligence (AI) will require more and cheaper energy. Building American energy dominance will address these various concerns and prepare the economy for sustained long-term growth.

To support energy dominance, stimulate domestic energy production, and reduce costs the Administration has taken a broad range of bold actions. These include reforming burdensome regulations, reducing review and approval timelines for permits, resuming federal lease sales for energy development, issuing permits for new Liquefied Natural Gas (LNG) export terminals, supporting advanced nuclear technology development and knowledge transfer, modernizing and securing the electricity grid, and streamlining funding decisions, among others. These policies will raise oil and gas output, lower the cost of electricity, and raise GDP growth over the budget window.

Responsible Regulatory Reform Unleashes American Ingenuity

The Trump Administration continues to advance regulatory reform by lifting the burdens of excessive regulation, resulting in greater opportunities for individuals, business owners, and families. Responsible regulatory reform promotes economic growth and innovation, leaving the American people with more freedom to pursue their work and exercise ingenuity.

In January, President Trump issued Executive Order (EO) 14192, "Unleashing Prosperity

Through Deregulation,” which requires agencies to repeal ten existing regulations for every new one they issue and also imposes a regulatory budgeting process. Shortly after, EO 14219, “Ensuring Lawful Governance and Implementing the President’s Department of Government Efficiency Deregulatory Initiative,” directed agencies to review all existing rules and identify any that exceed statutory authority, infringe constitutional limits, or impose unnecessary burdens. And finally, EO 14215, “Ensuring Accountability for All Agencies,” further strengthened these efforts by bringing the regulations of independent agencies—such as the Security and Exchange Commission (SEC), Federal Trade Commission (FTC), and Federal Communications Commission (FCC)—under Office of Management and Budget (OMB) review for the first time, ensuring that the Administration’s cost-control and legality checks apply across the full regulatory landscape.

Together, EO 14192 supplies the discipline to reduce the regulatory burden, EO 14219 delivers the legal and policy framework for removing unlawful or excessive rules, and EO 14215 expands the reach of both reforms to so-called independent agencies. This coordinated approach removes barriers to innovation and investment, lowers hidden compliance costs, and sets the nation on a path toward a leaner federal government.

Together, President Trump’s Policies Are Catalyzing Economic Growth

President Trump’s pro-growth policies and reining in wasteful spending will unleash robust, real economic growth, lower inflation, and restore fiscal sanity. Table 2 provides a summary of the updated economic assumptions. The projected real Gross Domestic Product (GDP) annual growth rate (fourth-quarter-over-fourth-quarter) will rise to 3.2 percent in 2026 and average about 2.9 percent over the next ten years. Inflation is forecasted to remain at stable, low levels. Inflation, as measured by the year-over-year change in the consumer price index (CPI) and personal consumption expenditures (PCE) price index, is projected to be 2.5 percent and 2.4 percent, respectively, in 2025 before returning to 2.2 percent and 2.0 percent, respectively in 2026. The unemployment rate will likewise decline to 3.7 percent by 2026 and remain low throughout the forecast period. Thanks to restored fiscal discipline and renewed confidence in the United States’ finances, short term interest rates will decline to 3.1 percent

by 2027 and remain low going forward while long-term interest rates will gradually fall from their current level of 4.2 percent to 3.3 percent by 2035.

Compared to the economic forecast of the previous administration, the economy is forecasted to be far stronger across multiple dimensions. Most notably, GDP growth is about 1 percentage point faster every year starting in 2025. The gains from this faster growth compound over time, raising projected real GDP in 2034 by approximately 10 percentage points compared to the previous forecast. As a result of this faster growth, wages and salaries are also now expected to grow almost 1 percent faster on average over the forecast window. Additionally, 10-year interest rates are projected to fall more quickly and settle at a level that is about 0.5 percentage points lower by the end of the forecast window. Inflation and the unemployment rate are also projected to be slightly lower over the forecast window. This combination of increased economic growth and lower long-term interest rates, expected as a result of President Trump’s policies, will reduce deficits by \$5.6 trillion over the ten-year budget window.

The Administration’s MSR forecast differs from external forecasts in part because of different timing across forecasts and partly because of differing assumptions about the implementation and impacts of Administration policies. Additional differences also arise due to the Administration’s assumption that the President’s policy proposals will be enacted and implemented. Outside forecasters may also differ on their assessments of enacted legislation such as OBBB and the economic impacts of Administration efforts to rebalance trade, expand domestic energy production, and reduce burdensome regulations.

Updated Spending Assumptions

Working with the Congress, the Administration enacted The Rescissions Act of 2025 on July 17, 2025. This legislation eliminated \$9 billion in wasteful discretionary funding for foreign assistance programs and the Corporation for Public Broadcasting. This law builds on the President’s 2026 Discretionary Budget Request to find savings through eliminating programs found to be woke and weaponized against ordinary working Americans, wasteful, or best left to the States and localities to provide. The MSR assumes non-defense, discretionary funding is held flat from these FY 2026 levels, resulting in \$4.4 trillion in savings over the ten-year budget window.

Table 2. Economic Assumptions¹

Calendar Years, In Billions of Dollars

	Actual 2024	Projections										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Gross Domestic Product (GDP):												
Nominal Level	29,185	30,604	32,333	34,021	35,776	37,621	39,536	41,507	43,560	45,714	47,974	50,345
Percent Change, Year/Year:												
Current Dollars	5.3	4.9	5.6	5.2	5.2	5.2	5.1	5.0	4.9	4.9	4.9	4.9
Real, Chained (2017) Dollars	2.8	1.8	3.0	3.1	3.1	3.1	3.0	2.9	2.9	2.9	2.9	2.9
Percent Change, Fourth-Quarter-over-Fourth-Quarter:												
Real, Chained (2017) Dollars	2.5	1.8	3.2	3.1	3.1	3.1	3.0	2.9	2.9	2.9	2.9	2.9
Price Indices, Percent Change, Year/Year:												
GDP Chained Price Index	2.4	3.0	2.6	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Consumer Price Index (All Urban) ²	3.0	2.5	2.2	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Personal Consumption Expenditures (PCE) Price Index	2.5	2.4	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Wages and Salaries	12,401	12,962	13,644	14,321	15,101	15,927	16,778	17,666	18,596	19,591	20,640	21,750
Unemployment Rate, Civilian, Percent ³	4.0	4.1	3.9	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Interest Rates, Percent ⁴:												
91-Day Treasury Bills	5.0	4.1	3.4	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
10-Year Treasury Notes	4.2	4.3	3.8	3.6	3.5	3.4	3.4	3.3	3.3	3.3	3.3	3.3

¹ Based on information available as of July 24, 2025.² Seasonally adjusted.³ Annual average.⁴ Average rate, secondary market (bank discount basis).

For defense discretionary spending, the MSR assumes the total 2026 request of \$1.0 trillion grows with inflation during the first five years, and it also assumes placeholders in the second half of the ten-year window that hold defense funding flat, resulting in an increase in outlays of \$217 billion.

Additionally, MSR includes several small mandatory policy proposals that support and interact with the discretionary policy proposals included in the FY 2026 Discretionary Budget Request. These proposals result in a minor \$14 billion increase to the deficit over the ten-year period.

Outlays for debt service and other net interest effects are projected to decrease by \$1.8 trillion over 2026-2035, while technical reestimates principally relating to entitlement programs increase deficits by \$953 billion. Table 1 shows the ten-year spending, debt service, and net interest trajectory.

Other Statutorily Required Tables

Table 3 describes outlays for mandatory programs under current law, and meets the requirements of 31 USC 1106(a)(2).

Table 4 describes estimated outlays from unspent balances of discretionary funding proposed for 2026 and provided in prior years. Funding of ten outlays over a period of time as the government liquidates its obligations, as shown in this table. This table meets the requirement of 31 USC 1106(a)(3).

The Way Forward

President Trump continues to focus on promoting economic policies that foster growth; reduce waste, fraud, and abuse; fight inflation; unleash American energy; and rebalance trade relationships. The Administration has only just begun, and deficits have already been cut in half.

Table 3. Outlays for Mandatory Programs Under Current Law¹

In Billions of Dollars

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Totals	
													2026– 2030	2026– 2035
OUTLAYS:														
Human resources programs:														
Education, training, employment and social services	185	–45	42	37	25	22	21	20	19	19	19	19	147	242
Health	812	898	904	903	923	968	1,005	1,033	1,087	1,144	1,203	1,279	4,704	10,450
Medicare	865	992	1,086	1,171	1,343	1,288	1,460	1,554	1,668	1,921	1,943	1,931	6,348	15,365
Income security	567	601	617	604	619	610	633	648	664	694	698	702	3,083	6,490
Social Security	1,454	1,569	1,667	1,758	1,850	1,943	2,038	2,138	2,240	2,346	2,453	2,564	9,255	20,996
Veterans benefits and services	192	252	306	330	378	357	405	430	454	508	506	502	1,777	4,176
Subtotal, human resources programs	4,075	4,267	4,622	4,804	5,139	5,188	5,562	5,823	6,133	6,631	6,822	6,996	25,314	57,719
Other mandatory programs:														
International affairs	–6	–3	–2	–2	–2	–3	–3	–3	–3	–4	–4	–4	–13	–30
Energy	5	10	17	17	15	14	12	11	12	11	9	9	76	128
Natural resources and environment	3	26	13	14	10	7	4	3	2	2	2	2	47	58
Agriculture	20	24	28	33	33	33	29	29	29	29	29	29	156	30
Commerce and housing credit	27	–22	–1	8	–70	15	16	14	15	15	9	15	–32	36
Transportation	6	*	*	10	13	11	5	4	4	4	4	1	40	58
Justice	4	9	43	65	50	27	19	4	11	10	10	10	204	249
General government	14	25	20	19	13	14	14	14	11	12	13	13	79	142
Undistributed offsetting receipts	–147	–149	–158	–161	–179	–179	–184	–178	–211	–198	–202	–196	–861	–1,846
Other functions	59	40	156	75	42	41	38	37	38	40	41	42	351	549
Subtotal, other mandatory programs	–15	–40	115	79	–76	–20	–50	–66	–93	–78	–89	–79	47	–356
Total, outlays for mandatory programs under current law	4,061	4,228	4,736	4,883	5,063	5,167	5,512	5,757	6,040	6,554	6,733	6,918	25,361	57,363

*\$500 million or less.

¹ This table meets the requirements of 31 USC 1106(a)(2).

Table 4. Estimated Spending from 2025 Balances of Budget Authority:
Discretionary Programs

In Billions of Dollars

	Total
OUTLAYS FROM END-OF-2026 BALANCES:	
2027	980.1
2028	448.6
2029	229.6
2030	128.8
2031	68.5
2032	40.8
2033	22.8
2034	13.8
2035	8.2

Note: Required by 31 USC 1106(a)(3). Balances as of the end of 2026 include unspent balances of discretionary budget authority provided in 2026 and prior years, as well as unspent balances of mandatory contract authority that is subject to discretionary obligation limitations.



Executive Office of the President

Office of Management and Budget
Washington, D.C.